

**CITY OF AMSTERDAM INDUSTRIAL  
DEVELOPMENT AGENCY  
FINANCIAL REPORT  
JUNE 30, 2006**

INDUSTRIAL DEVELOPMENT AGENCY  
ANNUAL FINANCIAL REPORT

\_\_\_\_ Please check here if the name, address, and/or telephone number is different from last year.

FOR City of Amsterdam Industrial Development Agency

(name of Industrial Development Agency)

City of Amsterdam

(name of sponsoring municipality)

FOR THE FISCAL YEAR ENDED June 30, 2006

General Municipal Law, Section 859 (1):

(b) Within ninety days following the close of its fiscal year, each agency or authority shall prepare a financial statement for that fiscal year in such form as may be prescribed by the State Comptroller. Such statement shall be audited within such ninety day period by an independent certified public accountant....

(c) Within thirty days after completion, a copy of the audited financial statement shall be transmitted to the Commissioner of the Department of Economic Development, the State Comptroller and the governing body of the municipality for whose benefit the agency was created.

NYS OFFICE OF THE STATE COMPTROLLER  
DIVISION OF LOCAL GOVERNMENT SERVICES AND  
ECONOMIC DEVELOPMENT  
110 STATE STREET, DATA MANAGEMENT UNIT 12TH FLOOR  
ALBANY, NEW YORK 12236

## TABLE OF CONTENTS

Independent Auditors' Report.....	A	
Management Discussion and Analysis.....	B	
<u>Enterprise Fund</u>		
Balance Sheet.....	1	
Statement of Revenues, Expenses and Changes in Net Assets.....	2	
Statement of Cash Flows.....	3	
 <u>Notes to Financial Statements</u> .....	 5	
DEBT SECTION		
<u>Statement of Indebtedness</u> .....	6	
<u>Maturity Schedule</u> .....	7	
SUPPLEMENTAL INFORMATION		
<u>Instructions for Completing Schedule of Supplemental Information</u> .....	10	
<u>Supplemental Information Bonds</u> .....	11	
<u>Supplemental Information Straight Lease</u> .....	12	
<u>Bank Reconciliation</u> .....	13	
<u>Certification of Chief Fiscal Officer</u> .....	14	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	C	



**Marvin and company, p.c.**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Chairman and Board of  
City of Amsterdam Industrial Development Agency

Kevin J. McCoy

Thomas W. Donovan

Frank S. Venezia

Mary Ann Racicot

James E. Amell

Carol A. Hausamann

Benjamin R. Lasher

Daniel J. Litz

We have audited the accompanying financial statements of the business-type activities of the City of Amsterdam Industrial Development Agency, a public benefit corporation, a component unit of the City of Amsterdam, New York, as of and for the year ended June 30, 2006, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the City of Amsterdam Industrial Development Agency as of June 30, 2006, and the changes in financial position and cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 8, 2006, on our consideration of the City of Amsterdam Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages B-1 through B-2 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Amsterdam Industrial Development Agency's basic financial statements. The supplemental information on pages 6 to 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Marvin and Company, P.C.*

September 8, 2006



# Amsterdam Industrial Development Agency

61 Church Street, Amsterdam, New York 12010

518/842-5011

FAX 518/843-2862

## Management Discussion & Analysis Report

The basic financial statement does not differ from last year's.

A comparison of this year's and last year's financial information is as follows:

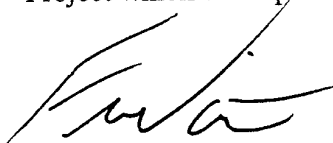
	04-05	05-06
Assets		
Cash	849,517	675,911
Investments	25,000	25,000
Other Receivables (Net)	307,462	297,582
Prepaid Expenses	11,581	9,349
Restricted Assets	194,931	170,228
Fixed Assets (Net)	2,005,658	1,820,515
Total Assets	3,394,149	2,998,585
Liabilities & Net Assets		
Accounts Payable	15,442	14,766
Accrued Liabilities		3,836
Other Liabilities		
Due to Other Governments	274,501	23,438
Deferred Revenues	2,250	
Total Liabilities	292,193	42,040
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,805,658	1,623,165
Unrestricted Net Assets	1,296,298	1,333,380
	3,101,956	2,956,545
Total Liabilities & Net Assets	3,394,149	2,998,585

Total Revenues	407,168	375,090
Total Expenses	1,021,729	520,501
Net Loss	614,561	145,411

The Amsterdam Industrial Development Agency during the fiscal year 2005-2006 has been committed to assisting the City of Amsterdam in its efforts to further develop opportunity. With that in mind AIDA continues to seek and market to companies who may be interested in expanding or moving to our city. AIDA is in the midst of developing an advertising campaign along with the City of Amsterdam. The campaign is mean to tap into the development occurring just 22 miles east of us in Malta, NY's Luther Forest and their new chip manufacturing facility slated to begin construction in the spring of 2007.

The City has received a grant to clean up the former Mohasco site. That work is virtually completed at this point. With that comes the opportunity for AIDA to assist in the development of that property and the possibility of issuing bonds.

AIDA, during the fiscal year 2005-2006 has committed \$150,000.00 to the Via Ponte Project which we expect to expend during the fiscal year 2006-2007.



Frank Valiante  
Executive Director

ENTERPRISE FUND \* BALANCE SHEET \* AS OF JUNE 30, 2006

The Notes to the Financial Statements are an integral part of this statement.



## ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	EDP CODE	AMOUNT
<u>Operating Revenues</u>		
Charges for Services	ED515S	\$ 40,118
Rent	ED _____S	310,573
<b>Total Operating Revenues</b>		<b>\$ 350,691</b>
<u>Operating Expenses</u>		
Personal Services	ED625.1S	71,137
Contractual Expenses	ED625.4S	140,845
Employee Benefits	ED625.8S	7,506
Depreciation	ED603.4S	66,618
<b>Total Operating Expenses</b>		<b>289,742</b>
Bad Debt Expense		3,636
<b>Operating Income (Loss)</b>		<b>\$ 60,949</b>
<u>Non-Operating Revenues (Expenses)</u>		
Revenues:		
Use of Money and Property	ED525S	\$ 24,399
Sale of Property and Compensation for Loss	ED530S	(3,580)
Transfer of Infrastructure to City	ED _____S	(165,907)
Expenses: (Specify)		
<b>Net Non-Operating Revenue (Expense)</b>		<b>\$ (145,088)</b>
<b>Income (Loss) Before Transfers and Taxes</b>		<b>\$ (84,139)</b>
Operating Transfers In	ED555S	
Operating Transfers Out	ED655.9S	
Real Property Taxes	ED _____4S	61,272
<b>Net Income (Loss)</b>		<b>\$ (145,411)</b>
<b>Net Assets - Beginning of Year</b>	ED400S	<b>\$ 3,101,956</b>
Adjustments: (Specify)		
<b>Net Assets - End of Year</b>	ED405S	<b>\$ 2,956,545</b>

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	EDP CODE	AMOUNT
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Providing Services	ED7111S	\$ 362,606
Cash Payments Contractual Expenses	ED7112S	(392,401)
Cash Payments Personal Services & Benefits	ED7113S	(78,643)
Other Operating Revenues	ED7114S	
<b>Net Cash Provided (Used) by Operating Activities</b>	ED7119S	<b>\$ (108,438)</b>
<b>Cash Flows from Non-Capital and Financing Activities:</b>		
Real Property Taxes	ED7121S	\$ (61,272)
Operating Grants Received	ED7122S	
Transfers To/From Other Funds	ED7123S	
Proceeds of Debt (Non-Capital)	ED7124S	
Payment of Debt (Non-Capital)	ED7125S	
Interest Expenses (Non-Capital)	ED7126S	
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	ED7129S	<b>\$ (61,272)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds of Debt (Capital)	ED7131S	\$
Principal Payments Debt (Capital)	ED7132S	
Interest Expenses (Capital)	ED7133S	
Capital Contributed by Developers	ED7134S	
Capital Contributed by Other Funds	ED7135S	
Payments to Contractors	ED7136S	
Capital Grants Received from Other Governments	ED7137S	
Proceeds from Sale of Assets	ED7138S	500
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	ED7139S	<b>\$ 500</b>

See accompanying notes to financial statements.

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Continued)

	EDP CODE	AMOUNT
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	ED7151S	\$
Purchase of Fixed Assets for Investments	ED7152S	(51,463)
Sale of Investments	ED7153S	22,364
Interest Income	ED7159S	\$ (29,099)
<b>Net Cash Provided (Used) by Investing Activities</b>		
Net Increase (Decrease) in Cash and Cash Equivalents	ED7161S	\$ (198,309)
Cash and Cash Equivalents at Beginning of Year	ED7171S	1,044,448
Cash and Cash Equivalents at End of Year	ED7179S	846,139
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>		
Operating Income (Loss)	ED7181S	\$ 60,949
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) from Operations:</b>		
Depreciation	ED7182S	\$ 66,618
Increase/Decrease in Assets Other than Cash and Cash Equivalents	ED7183S	10,511
Increase/Decrease in Liabilities Other than Cash and Cash Equivalents	ED7184S	(250,152)
Other Reconciling Items:		
Bad Debt Expense	ED7185S	3,636
	ED7185S	
	ED7185S	
	ED7185S	
<b>Total Adjustments</b>	ED7188S	\$ (169,387)
<b>Net Cash Provided (Used) by Operating Activities</b>	ED7189S	\$ (108,438)

See accompanying notes to financial statements.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Amsterdam Industrial Development Agency (Agency) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). Significant accounting policies are:

**A. *Financial Reporting Entity***

The City of Amsterdam Industrial Development Agency (Agency) is a public benefit corporation created by State legislation to promote economic development within the City of Amsterdam. The Board members of the Agency are appointed by the City of Amsterdam's Common Council, but the City exercises no oversight responsibility. Agency Board members have complete responsibility for management of the Agency and accountability for fiscal matters.

The financial reporting entity includes functions and activities over which the Board exercises oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on the foregoing criteria and the significant factors presented below, the following functions or activities are included in the reporting entity.

**Jobs for Amsterdam Grant**

The Agency is a named participating party in a Housing and Urban Development (HUD) grant to the City of Amsterdam for the Amsterdam Community Development Program to operate a revolving loan fund of \$195,000. These funds are to be loaned, for a period not to exceed ten years, to industry and not-for-profit organizations for the purpose of creating and retaining permanent jobs within the City of Amsterdam. Significant factors requiring inclusion of the grant activity in the Agency reporting entity are as follows:

- (i) Loans are made to area businesses in the name of the Agency and repayment is due to the Agency.
- (ii) The Agency's Board approves all loans.

**Brookside Grant**

The Agency is a participating party in a HUD grant to the City of Amsterdam to operate a revolving loan fund of \$160,000. Significant factors requiring inclusion of the grant activity in the Agency reporting entity are as follows:

- (i) Loans are made to area businesses in the name of the Agency and repayment is due to the Agency.
- (ii) The Agency's Board approves all loans.

The revolving loan funds created from the HUD grants, as described above, provides local industry and not-for-profit organizations a source of credit which they may not be able to obtain elsewhere. Due to the high-risk nature of the loans made by the Agency,

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

some part or all of the grant funds may be lost. The Agency is not responsible for repayment to HUD for funds lost as a result of loans that become uncollectible. The effect on the Agency is that there are fewer funds from which additional loans can be made.

**B. Basis of Presentation**

The Agency's operations are accounted for in a manner similar to a private business enterprise. The measurement focus is upon determination of net income, financial position, and changes in cash flows.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is followed. Using this basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. Revenues from Federal, State and other grants designated for payment of specific expenditures are recognized when the related expenditures are incurred. Any excess of grant receipts or expenditures at the fiscal year-end is recorded as deferred revenue or accounts receivable, respectively.

**D. Fixed Assets**

Fixed assets are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue.

The Agency pursues economic development, in part, by purchasing real property and preparing the property for sale or lease, with an option to buy, to local businesses or to those businesses which desire to relocate to the City of Amsterdam. During the time the Agency holds the property the Agency attempts to maintain the condition of the property by offering it to businesses under the terms of operating leases. The operating leases are incidental to the objective of selling the property and thereby increasing the City's real property tax base. Depreciation is not recognized on those properties being temporarily utilized as described above. Depreciation is recognized when an asset is placed in service.

As of June 30, 2006 the following assets are being depreciated using the straight-line method:

<u>Asset</u>	<u>Estimated Useful Life</u>
Furniture, fixtures and equipment	5 years
Improvements to Edson Street industrial park picnic area	8 years
Improvements to Edson Street industrial park railroad spur	30 years
Buildings	23 - 30 years

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***E. Provision for Uncollectible Accounts***

The Agency uses the allowance method to account for uncollectible accounts based on an estimate of amounts deemed uncollectible. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected.

***F. Industrial Revenue Bonds***

The Agency may issue industrial revenue bonds. The bonds are special obligations of the Agency payable solely from revenue derived from the leasing, sale or other disposition of a project. The Agency has no responsibility to repay the bonds in the event of default. There is no liability to the Agency, therefore, the obligations are not accounted for in the accounts of the Agency. However, memorandum accounts are maintained until the bonds are paid.

As of June 30, 2006, there were no outstanding bonds.

***G. Investments***

Investments are stated at fair value.

Investments in common stock as of June 30, 2006 consist of:

Amsterdam Chuctanunda and Northern Railroad Company (A)   \$ 25,000

(A)     Carrying value approximates market value of the shares owned.

***H. Risk Management***

The Agency has purchased insurance coverage for property damage and personal injury liability for the Agency's real property. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. There were no claims that exceeded coverage for the year ended June 30, 2006.

***I. Compensated Absences***

Agency employees are granted vacation and sick leave in varying amounts. In the event of termination, employees are entitled to payment for accumulated vacation time.

***J. Cash***

The Agency's investment policies are governed by State statutes. Agency monies must be deposited in any bank or trust company located within the State. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**J. Cash**

Collateral is required for demand deposits and certificates of deposit for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

As of June 30, 2006, the book amount of the Agency's deposits was \$846,139. The bank balance was \$850,702, which was covered by \$225,637 of FDIC insurance, \$571,978 which was collateralized with securities held by the third party custodial bank in the Agency's name, and \$53,088 which was uncollateralized because the Agency changed banks during the fiscal year.

**2. RESTRICTED ASSETS**

Restricted assets consists of cash and as of June 30, 2006 is comprised of the following:

Jobs for Amsterdam and Brookside grants (A)(B)(C)(D) \$ 170,228

(A) The cash can be used only for the purpose of loans to private industry and not-for-profit organizations for the purpose of creating and retaining permanent jobs within the City of Amsterdam.

(B) In March of 2000, the Agency authorized the use of restricted Jobs for Amsterdam Fund cash in the amount of \$200,000 to complete construction of Shell Building-1999/2000, which has now been leased to AGT Services, Inc. See Note 7. The \$200,000 shall be repaid to the restricted cash account with 10% of each monthly rental payment received. Balance owed at June 30, 2006 is \$195,833.

(C) In May 2006, the Agency authorized a loan from the restricted Jobs for Amsterdam fund cash in the amount of \$34,120. See Note 3. The payments received on the loan will be deposited to the restricted cash account. Balance owed at June 30, 2006 is \$33,643.

(D) See Note 6.

**3. OTHER RECEIVABLES**

Other receivables at June 30, 2006 is comprised of the following:

Accounts receivable	\$ 37,687
Notes receivable	54,761
Net investment in direct financing leases (see Note 7)	<u>205,084</u>
Total	<u>\$ 297,532</u>

Accounts receivable at June 30, 2006 is comprised of the following:

Washburn's Refrigerated Storage, Inc.	\$ 223
Professional Wrestling Hall of Fame	167
Northeastern Water Jet	2,001
Mohawk Resources	3,046
AGT Services, Inc.	505
FAB Industries	505
Freedom Packaging	<u>31,240</u>
Total	<u>\$ 37,687</u>

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**3. OTHER RECEIVABLES**

The following is a schedule of notes receivable as of June 30:

<u>Payable From/Description</u>	<u>Original Amount</u>	<u>Interest Rate (%)</u>	<u>Monthly Payment</u>	<u>Balance at June 30, 2006</u>
Sunset Refuse Service, Inc., mortgage (A)	\$ 30,000	4.25	\$ 307.32	\$ 22,522
Patsy Aragona, Individually and as President of Skip Dogs Bar & Grill, Corp. (B)	34,120	7.00	675.62	33,643
Less allowance for doubtful accounts				(1,404)
Notes Receivable				<u>\$ 54,761</u>

- (A) The Agency is a co-equal mortgagee with Mohawk Valley Rehabilitation Corporation for a total amount payable from Sunset Refuse Service, Inc. of \$60,000. The Agency's portion of the note is payable over 120 equal monthly payments of \$307.32, beginning June 28, 2003, at an interest rate of 4.25%, secured by a mortgage and personal guarantees.
- (B) The note is payable over 60 equal monthly payments of \$675.62, beginning June 11, 2006, at an interest rate of 7%, secured by equipment. See note 2(C)

**4. FIXED ASSETS**

Fixed asset balances for the year ended June 30 are as follows:

	<u>Balance June 30, 2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2006</u>
Fixed assets that are not depreciated				
Land	\$ 209,778	\$ -	\$ 4,704	\$ 205,074
Land improvements	339,294	-	165,283	174,011
Total Nondepreciable	<u>549,072</u>	<u>-</u>	<u>169,987</u>	<u>379,085</u>
Fixed assets that are depreciated:				
Land improvements	447,583	1,517	-	449,100
Buildings	1,526,368	28,600	-	1,554,968
Furniture, fixtures and equipment	10,291	21,345	-	31,636
Total Depreciated Assets	<u>1,984,242</u>	<u>51,462</u>	<u>-</u>	<u>2,035,704</u>
Less accumulated depreciation:				
Land improvements	338,307	15,574	-	353,881
Buildings	183,052	49,726	-	232,778
Furniture, fixtures and equipment	6,297	1,318	-	7,615
Total Accumulated Depreciation	<u>527,656</u>	<u>66,618</u>	<u>-</u>	<u>594,274</u>
Total Depreciated Assets, net	<u>\$ 2,005,658</u>	<u>\$ (15,156)</u>	<u>\$ 169,987</u>	<u>\$ 1,820,515</u>



**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**4. FIXED ASSETS**

Fixed assets at June 30, 2006 are comprised of the following:

Property on operating lease (Net of \$232,778 accumulated depreciation)	\$ 1,318,040
Edson Street Industrial Park (Net of \$353,881 accumulated depreciation)	356,532
Lower Mills Complex (A)	77,352
Water Retention Pond - Edson Street Industrial Park (A)	24,868
Front Street land (A)	12,203
Furniture, fixtures, and equipment (Net of \$7,615 accumulated depreciation)	24,020
Upper Mills railroad spur land (A)	6,500
VanDerVeer Park land (A)	1,000
Total Fixed Assets (Net)	<u>\$ 1,820,515</u>

(A) Assets are not depreciable or have not been placed in service.

Certain of the above properties are described below:

Description of Property and/or Location

**A. VanDerveer Park**

Located at the northeastern corner of Park Street and Locust Avenue.

**B. Edson Street Industrial Park (A)**

The Park is located in the City of Amsterdam and contains 39.5 acres of land as of June 30, 2006:

Land (D)	\$ 37,693
Land improvements (C)	162,520
Land railroad spur (D)	68,066
Railroad spur (B)	88,253
Total	<u>\$ 356,532</u>

(A) The Agency has subdivided the industrial park and prepared the parcels for sale or lease.

(B) The cost of the railroad spur is net of accumulated depreciation of \$353,016 as of June 30, 2006.

(C) The cost of the land improvements is net of accumulated depreciation of \$865 as of June 30, 2006.

(D) Assets are not depreciable or have not been placed in service.

**C. Front Street**

During August 1994, the Agency purchased land from individual property owners. The property is in the process of development for sale or lease by the Agency.

**D. Property on Operating Lease**

See Note 8 - Current book value of the land associated with all properties is \$76,447 plus building of \$1,241,593 net of depreciation for a total of \$1,318,040.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**5. COMPENSATED ABSENCES**

The Agency does not accrue a liability for accumulating sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value of accumulating sick leave is considered a contingent liability. The Agency reports approximately \$1,886 at June 30, 2006 of accumulating sick leave.

The Agency records the value of the earned and unused portion of the liability for vacation time for employees. The liability at June 30, 2006 is \$3,836. See Note 1.I.

**6. COMMITMENTS AND CONTINGENCIES**

The Agency has received significant amounts of Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the Agency believes such disallowance, if any, would be immaterial.

The Agency has committed \$150,000 to be loaned from the Jobs for Amsterdam Fund to the City of Amsterdam for the Bridge Street Reconstruction.

**7. DIRECT FINANCING LEASES (INCLUDED IN OTHER RECEIVABLES)**

- A. During November 1995, the Agency acquired the former Bojud Knitting property on Willow Street. During December 1995, the Agency leased the land and building to Northeast Water Jet, Inc. for a fifteen year term. The lease includes an option to purchase during the term of the lease at the present value of the remaining lease payments. The current monthly payment is \$600.

The Agency's net investment in this direct financing lease at June 30, 2006 is as follows:

Minimum lease payments receivable	\$ 32,390
Less: unearned interest income	<u>7,417</u>
Net Investment in Direct Financing Lease	<u>\$ 24,973</u>

Future minimum lease payments due on this direct financing lease are:

For the year ended June 30, 2007	\$ 7,200
2008	7,200
2009	7,200
2010	7,200
2011	<u>3,590</u>
Total	<u>\$ 32,390</u>

- B. During January 2001, the Agency finalized the transfer of the former Mazzarella Pizza, Inc. lease/purchase agreement to Washburn's Refrigerated Storage, Inc. for the shell building Mazzarella Pizza, Inc. occupied since 1996 which is located on Sam Stratton East Road in the Edson Street Industrial Park. The terms continue for the unexpired balance of the fifteen year term for land and building. The lease includes an option to buy the building during the term of the lease at the present value of the remaining lease payments. During the lease term, Washburn's Refrigerated Storage, Inc. can buy 1.925 acres of land at \$3,000 per acre. The current monthly payment is now \$2,985.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**7. DIRECT FINANCING LEASES (INCLUDED IN OTHER RECEIVABLES)**

B. The Agency's net investment in this direct financing lease at June 30, 2006 is as follows:

Minimum lease payments receivable	\$ 214,917
Less: unearned interest income	<u>34,806</u>
Net Investment in Direct Financing Lease	<u>\$ 180,111</u>

Future minimum lease payments due on this direct financing lease are:

For the year ended June 30, 2007	\$ 35,820
2008	35,820
2009	35,820
2010	35,820
2011	35,820
After 2012	<u>35,817</u>
Total	<u>\$ 214,917</u>

The following is a summary of all direct financing leases:

Minimum Lease Payments Receivable	
Northeast Water Jet, Inc.	\$ 32,390
Washburn's, Inc.	<u>214,917</u>
Total Minimum Lease Payments Receivable	<u>247,307</u>
Less Unearned Interest Income	
Northeast Water Jet, Inc.	7,417
Washburn's, Inc.	<u>34,806</u>
Total Unearned Interest Income	<u>42,223</u>
Net Investment in Direct Financing Leases	<u>\$ 205,084</u>

**8. OPERATING LEASES**

The Agency has real property available for lease to promote economic development within the City of Amsterdam.

During March 1998, the Agency leased land and building in the Edson Street Park to Film Fabrication, Inc. for a period of ten years with an option to renew or an option to purchase. Depreciation has been taken on the building and the cost of the building is net of accumulated depreciation of \$128,000 at June 30, 2006.

During September 2002, the Agency leased land and buildings in the Edson Street Park to AGT Services, Inc. for a period of five years with an option to renew or an option to purchase. Depreciation has been taken on the building and the cost of the building is net of accumulated depreciation of \$80,847 at June 30, 2006.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**8. OPERATING LEASES**

During September 2004, the Agency leased land and building in the Edson Street Park to Comptech Corporation for a period of five years with an option to renew. Depreciation has been taken on the building and the cost of the building is net of accumulated depreciation of \$20,833 at June 30, 2006.

During May 2005, the Agency leased land and building purchased during 2005 to The Professional Wrestling Hall of Fame and Museum for a period of five years with an option to renew or an option to purchase. Depreciation has been taken on the building and the cost of the building is net of accumulated depreciation of \$3,098 at June 30, 2006.

The following is a schedule of the investment in properties with operating leases included in fixed assets (net):

Land and building, Film Fabrication, Inc.	\$ 420,710
Land and building, AGT Services, Inc.	529,706
Land and building, Comptech Corporation	291,660
Land and Building, The Professional Wrestling Hall of Fame and Museum	<u>75,964</u>
Total Investment in Property	<u>\$ 1,318,040</u>

A schedule of future minimum rentals on noncancellable operating leases is as follows:

	Film Fabrication, <u>Inc.</u>	AGT Services, <u>Inc.</u>	Comptech Corpor- <u>ation</u>	The Professional Wrestling Hall of Fame and Museum	<u>Total</u>
For the year ended June 30,					
2007	\$ 62,000	\$ 50,000	\$ 27,000	\$ 501	\$ 139,501
2008	41,333	8,333	27,000	501	77,167
2009	-	-	27,000	501	27,501
2010	-	-	-	501	501
Totals	<u>\$ 103,333</u>	<u>\$ 58,333</u>	<u>\$ 81,000</u>	<u>\$ 2,004</u>	<u>\$ 244,670</u>

Schedule of Supplemental Information  
Straight Lease

No.	Project Code	Name of Project, Project Owner and Address	Purpose	Total Lease Amount	Not for Profit	New Tax Revenues if No Exemptions Granted	Method of Financial Assistance Utilized by Project, Other than Tax Exemptions Claimed by Project (Identify amount and type)
1.		Northeast Water Jet 4 Willow Street #10 Amsterdam, NY 12010	9		N	705	PILOT Agreement
2.		Washburn's Inc. Sam Stratton Drive Amsterdam, NY 12010	9		N	6,546	PILOT Agreement
3.		Film Fabrication, Inc. Sam Stratton Road Amsterdam, NY 12010	9		N	(7,068)	PILOT Agreement
4.		AGT 7 Sam Stratton Road Amsterdam, NY 12010	9		N	14,738	PILOT Agreement
5.		Brelton Industries/Complech 1 Sam Stratton Road Amsterdam, NY 12010	9		N	0	PILOT Agreement with Montgomery County Industrial Development Agency \$19,300 that follows calendar year
6.		Professional Wrestling Hall of Fame	8		N	0	
Footnote: / PWHF is a tax exempt organization.							

SCHEDULE OF SUPPLEMENTAL INFORMATION  
STRAIGHT LEASE

No.	Sales Tax Exemption		Real Property Tax Exemptions		Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL section 485-b Exemptions
	State 4.25%	Local 4%	County	Local			
1. NE	0	0	2,277	1,647	0	6,834	344
2. Wash	0	0	7,268	5,259	0	21,819	6,546
3. Film	0	0	7,268	5,259	0	21,819	2,182
4. AGT	0	0	7,650	5,536	0	22,967	8,038
5. Breton Footnote A						0	0
6. PWHF	0 52%	0 48%	0	0	0	0	0
Note A:/ Reported by Montgomery County Industrial Development Agency							
Note:/ All companies are eligible most are not utilizing exemption.							
Note:/ PWHF is a tax exempt organization.							

SCHEDULE OF SUPPLEMENTAL INFORMATION  
STRAIGHT LEASE

PAYMENTS IN LIEU OF TAXES						
No.	Project Code	County	Local	School	Total PILOTS	Code
1. NE		2,097	1,476	2,556	6,129	1
2. Wash		5,088	3,682	6,504	15,273	1
3. Film		9,588	7,385	11,915	28,887	1
4. AGT		2,753	1,979	3,497	8,229	1
5. Breton	Footnote A					
6. PWHF		0	0	0	0	N/A
Footnote A:/ Reported by Montgomery County Industrial Development Agency.						

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE  
Full Time Equivalent (FTE) Jobs Created and Retained

No.	# FTE at Project Location Before IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# of Current FTE Employees	# of FTE Jobs Created During Fiscal Year	# of FTE Jobs Retained During Fiscal Year	# of FTE Construction Jobs Created During Fiscal Year
1. NE				22	0	22	0
2. Wash				3	0	3	0
3. Film				47	16	47	0
4. AGT				43	3	43	0
5. Breton				62	0	62	0
6. PWHF				1	0	1	0



[illegible]

**CERTIFICATE OF CHIEF FISCAL OFFICER**

I, JAMES D. MARKS, CERTIFY THAT I AM THE CHIEF FISCAL OFFICER OF THE  
AMSTERDAM DEVELOPMENT AGENCY AND THAT THIS REPORT TO THE BEST OF MY  
KNOWLEDGE, INFORMATION, AND BELIEF, IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL TRANSACTIONS AND FISCAL  
CONDITION FOR THE FISCAL YEAR ENDED 6/30/06

SIGNATURE James D. Marks DATE 1/3/07  
TITLE Inspector

OFFICIAL ADDRESS: 61 Church Street  
Amsterdam, N.Y. 12010  
OFFICE TELEPHONE NO. 518-842-5011

**PLEASE PRINT ADDITIONAL INFORMATION BELOW**

CHIEF EXECUTIVE OFFICER (CEO): Frank Valiente  
TITLE: Executive Director

OFFICIAL ADDRESS: 61 Church St.  
Amsterdam, N.Y. 12010

OFFICE TELEPHONE NO. 518-842-5011

PLEASE MAIL REPORT TO:

OFFICE OF THE STATE COMPTROLLER  
LOCAL GOVERNMENT SERVICES AND ECONOMIC  
DEVELOPMENT  
DATA MANAGEMENT UNIT 12-8-C  
110 STATE STREET  
ALBANY, NEW YORK 12236

IF YOU HAVE ANY QUESTIONS RELATING TO THIS  
REPORT, PLEASE CALL: (518) 408-2941



**Marvin and  
company, p.c.**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Kevin J. McCoy

Thomas W. Donovan

Frank S. Venezia

Mary Ann Racicot

James E. Amell

Carol A. Hausamann

Benjamin R. Lasher

Daniel J. Litz

To the Chairman and Board of  
City of Amsterdam Industrial Development Agency

We have audited the financial statements of the business-type activities of the City of Amsterdam Industrial Development Agency, New York, as of and for the year ended June 30, 2006, which collectively comprise the City of Amsterdam Industrial Development Agency's basic financial statements, and have issued our report thereon dated September 8, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Amsterdam Industrial Development Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Amsterdam Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

11 British American Blvd.

Latham, NY 12110

Ph: 518-785-0134

Fx: 518-785-0299

Email:

webmaster@marvincpa.com

Web:

<http://www.marvincpa.com>



We noted certain matters that we reported to management of Amsterdam Industrial Development Agency, in a separate letter dated September 8, 2006.

This report is intended solely for the information and use of the finance committee and the Board and is not intended to be and should not be used by anyone other than these specified parties.

*Marvin and Company, P.C.*

September 8, 2006